

JUL 26 1994

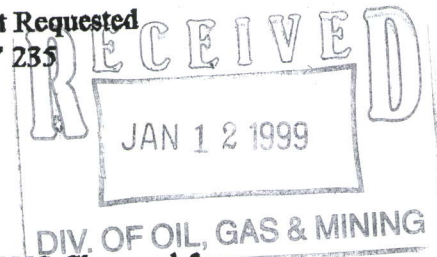
E.I.R.
EMERY INDUSTRIAL RESOURCES, INC.
967 South 680 West
Payson, Utah 84651
(801) 465-2455 - Fax (801) 465-2455

5/015/064
CLAY KING SOUTH

7-15-94

John T. Blake
Mineral Resources Specialist
Division of State Lands and Forestry
3 Triad Center, Suite 400
355 West North Temple
Salt Lake City, Utah 84180-1204

Certified Mail
Return Receipt Requested
#P 157 137 235



RE: Your certified letters dated 5-17-94 and 6-23-94 concerning ML 45538 Clay, and 5-26-94 and 7-11-94 concerning ML 45650 Clay.

SEC 32 T16S R11E

Dear Mr. Blake:

Any mining or exploration plans for the above referenced leases were submitted several years ago at a time when a market for the clay was apparent. The State of Utah (Division of State Lands and Forestry) took too much time in determining if cultural surveys would be required and in doing so, we lost these markets that we had initially submitted plans of operations for.

At present we do not have any plans to mine and disturb the lands as described in those leases and hereby withdraw any notice of intent to commence mining thus no such bonding should be required at this time. However, Emery Industrial Resources, Inc. does fully intend on maintaining those leases until market conditions change at which time notices of intent to mine will be refiled and the bonding requirements will be met at that time.

Request is hereby made that you give written cancellation of any default notices that you have sent with regard to ML 45538 and ML 45650. It is our position that we are NOT in default to any terms and conditions of these leases.

Thank you.

Sincerely,

Dan L. Powell
President - Emery Industrial Resources, Inc.

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|-------------------|----------------|---------|------------|------------|---|
| Post-It® Fax Note | 7671 | Date | 1-12-94 | # of pages | 1 |
| To | Tony Gallagher | From | John Blake | | |
| Co./Dept. | Dogm | Co. | SITLH | | |
| Phone # | | Phone # | | | |
| Fax # | 359-3940 | Fax # | 355-0922 | | |